

Message Text

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PAGE 01 BRIDGE 01247 072023Z

21

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 ABF-01 FSE-00 OMB-01 TRSE-00

FRB-01 CIAE-00 INR-07 NSAE-00 /033 W

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R 072008Z JUL 76

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC 1056

INFO AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

UNCLAS BRIDGETOWN 1247

DEPT PASS TREASURY

1. OFFICIALS REPRESENTING FINANCE MINISTRIES FROM THE ASSOCIATED STATES, GRENADA AND MONTSERRAT AGREED JULY 2 TO ABANDON STERLING AND TIE THE EASTERN CARIBBEAN DOLLAR (EC\$) TO THE U.S. DOLLAR. THE NEW PARITY, WHICH TOOK EFFECT JULY 7, IS EC\$2.70 EQUALS US\$1.00.

2. COMMENT: GIVEN THAT THE EC\$/US\$ EFFECTIVE EXCHANGE RATE WAS APPROX \$2.74 IMMEDIATELY PRIOR TO THE MOVE, THE REVALUATION EFFECT WAS MINIMAL. THE SHORT TERM EFFECT OF THE EASTERN CARIBBEAN CURRENCY AUTHORITY'S (ECCA) MOVE IS LIMITED TO PROVIDING GREATER CERTAINTY FOR THE REGION'S IMPORTERS. THE LONGER RANGE RESULTS DEPEND ON THE FUTURE PERFORMANCE OF THE BRITISH POUND. RENEWED EROSION OF THE VALUE OF STERLING WOULD POSE PROBLEMS FOR THE AREA'S BANANA EXPORTING ISLANDS AS WELL AS REDUCE THE EC\$ EQUIVALENT OF BRITISH AID.
BRITTON

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NNN

Message Attributes

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Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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